## Equity Loan terms and conditions

## You must not start work before receiving written confirmation that your loan has been approved. We are unable to offer any funding for works that have already taken place.

## To complete the loan process, you must appoint a solicitor to liaise with the Scottish Government’s appointed solicitors, Anderson Strathern.

## To apply for a loan, you must comply with the eligibility questions detailed below:

## I am the owner (or joint owner) of the property, and it is located in Glasgow City, Inverclyde, Renfrewshire Argyll and Bute, Perth and Kinross, Dundee, Stirling or Western Isles local authority areas.

## The property is a private, residential dwelling paying domestic council tax and is not part of a business or listed as a business asset. The property is not used as a holiday home.

## If not currently occupied, the property will be permanently occupied within 12 months of the loan being advanced.

## I will have all necessary planning permissions and building consents, where required. I understand that Energy Saving Trust will check to ensure that these have been obtained and will not be able to pay out on any works that have been completed without the required permissions.

## Work on the installation has NOT and will not commence until after I have received a written loan offer.

## I declare all potential funding I will be receiving towards my installation(s). I understand that failure to do this will be considered a violation of the terms of the loan.

## I agree to take all reasonable and practical steps to keep my property in good repair, including maintaining building insurance for the duration of the agreement.

## I understand that if I am successful in receiving a loan offer, an administrative fee and Scottish Government legal fees will be included in my loan.

## I understand that I must not begin work until a formal loan offer is received and that work must be completed within 6 months of receiving a loan offer.

## I will complete a post-installation customer satisfaction survey or evaluation if required. I understand this may include providing information on the work carried out and my contractor(s).

## I agree to allow inspections of my property before, during and after work, if required.

## Entering into this scheme will not breach any other pre-existing obligation or contract with any third party.

## If applying as a Private Sector Landlord, I confirm I do not have more than 2 properties in my portfolio.

## If applying as a Private Sector Landlord, I confirm I have all necessary registrations such as with the relevant local authority, and House in Multiple Occupation etc.

## This loan scheme applies only to existing residential buildings in Scotland. The scheme cannot be used to support work at properties that are not or will not become a person's permanent place of residence (e.g. holiday homes). Empty Homes are eligible for funding provided they meet the scheme criteria and the property will become permanently occupied within 12 months of work taking place.

## To apply for an equity loan under the scheme you must provide the following information:

## Proof of qualifying benefits (if applicable)

## If you are a homeowner with a property that is NOT in council tax bands A-C then you can still qualify for the scheme if you or a permanent occupier of your property (a partner or family member for instance) are in receipt of one of the benefits listed below. For private sector landlords, the assessment will be made against the tenant who currently occupies the property.

## Guarantee element of the Pension Credit;

## Attendance Allowance;

## Universal Credit or any of the benefits due to be replaced by Universal Credit (Income Based JSA, Child Tax Credit, Working Tax Credit, Employment and Support Allowance, Income Support, Housing Benefit);

## Council Tax Reduction (excluding 25% discount for single occupancy);

## Carer’s Allowance;

## Disability Living Allowance (DLA) or Personal Independence Payment (PIP);

## Armed Forces Independence Payment;

## War Disablement Pension;

## Industrial Injuries Disablement Benefit.

## Evidence must be provided, for example in the form of a letter from the Department of Work and Pensions (DWP) showing that an occupier of your property, or your tenant if you are a private sector landlord, are currently in receipt of one of the benefits listed above. Please note that if your property is in council tax bands A-C you are NOT required to send any evidence of benefits.

## Approval from current lender

## You must check with your current lender and anyone else who holds a charge (i.e. a standard security) on your property to see whether you require their consent for you to take out an equity loan and, if so, that they are happy for you to do so.

## Do not proceed any further with the application until you have agreement with your current lender or anyone else that holds a charge against your property.

## Solicitors appointed by the Scottish Government will complete checks later in the process to verify this information, so it is vital that you gain consent before proceeding.

## Householders who have purchased their property through the Scottish Government’s Low-cost Initiative for First Time Buyers (LIFT), and still have an active LIFT security in place, are not eligible to apply for the HEEPS: Equity Loan scheme.

## Evidence of your equity

## To evidence the equity you hold in your property we need to see a statement from your mortgage provider that shows the amount of money you have borrowed and what is left to pay on the mortgage. This is often referred to as a mortgage redemption statement and you may be charged a fee for this service, which can be added in your loan amount.

## Alternatively, if you have fully repaid your mortgage or purchased the property without a mortgage then you are not required to supply evidence as checks will be carried out to confirm this after your application is submitted.

## Evidence of your legal costs

## You will need to appoint your own solicitor to arrange the services required to complete the loan process. So we can include the costs of this work with your loan please include a quotation from your solicitor when you submit this application form. The payment should be around £1000, inclusive of third party costs and VAT. The information pack gives more detail on the work which your solicitor will require to undertake, to help them provide you with a quotation.

## We recommend you obtain quotes from multiple solicitors to ensure good value for money as costs can vary.

## Once you have obtained evidence detailed in the above steps you can then arrange a property valuation. 5. Mortgage valuation report

## We need a valuation of your property’s estimated market value completed in the last 12 months by a surveyor qualified through the Royal Institute of Chartered Surveyors (RICS). This must be addressed to “the Scottish Ministers”.

## Energy Saving Trust has appointed a network of surveyors who are available to complete a mortgage valuation report on your property. You don’t have to use one of these surveyors; you are welcome to choose your own.

## However, if you would like to include the cost of your valuation report in your loan amount then you must complete the mandate at the end of this application form and return it to us as soon as possible so that we can arrange for one of our appointed surveyors to contact you and arrange a survey.

## You will then be issued with a valuation report which can be used to support your application and, if successful, the cost of the survey will be included in your loan amount. If however your application is unsuccessful, or withdrawn, then you will be liable for the cost of the valuation. Further details can be found in our information pack.

## Energy report

## All applicants must have an energy report completed to demonstrate that the energy efficiency/renewable measures they are looking to install are suitable for their property. This can take the form of an Energy Performance Certificate (EPC) which is available commercially through a trained energy assessor or one of a number of energy reports that can be obtained for free through Home Energy Scotland.

## Quotes for work

## You must provide us with copies of quotations for all of the work you are applying for. A full list of eligible measures and repairs is available on page 6. Quotes must be provided on headed paper, contain a breakdown of the work, be addressed to the applicant, and show the address of the installation. If you are unsure where to find a suitable contractor please see the information pack that came with this application form for more information.

## If you are replacing a gas boiler at the property then the installer must by law be Gas Safe registered. If you are installing a renewable system the company completing the work needs to be MCS certified for the measure they are working on. The renewable system must also be MCS certified.

## Building insurance

## We require all applicants to provide us with evidence that they have building insurance for their property. This can be a letter or email from your insurance provider or any other written evidence that shows you currently hold a valid policy. You must also declare you will hold a valid policy for the duration of your loan agreement.

## There will be a number of fees you will need to pay if you decide to progress with the loan:

## You will need to pay for a valuation of your property

## An administrative fee to cover the processing of the loan and the legal work around the security of the loan by the Scottish Government’s solicitors.

## Work by your own solicitor to arrange for the security to be placed on your property

## The cost of the property valuation, administrative fee and your legal fees, can be included in your loan. If you seek independent financial advice then you may need to pay for this, though we cannot offer any funding.

## Eligible Works

## At least 55% of the loan funding must be spent on energy efficiency improvements or heat loss reduction measures to your house. Therefore a maximum of 45% of the loan can be for repairs that do not directly contribute to reducing heat loss from a building.

## Repair work that reduces heat loss through the building fabric and/or reduces damp or moisture penetration can be considered an energy efficiency improvement and can therefore be included in the 55% energy efficiency category.

## Energy Efficiency improvement (at least 55%)

## Any repair that reduces heat loss through the building fabric and/or reduces damp or moisture penetration

## Gas, oil or LPG boiler

## Warm air unit

## Electric storage heaters

## Heating controls

## Radiator panels

## Repairs to existing heating systems (if deemed more cost effective than a full replacement)

## Biomass boilers and stoves

## Air source heat pump\*

## Ground source heat pump

## Water source heat pump

## Solar PV

## Solar thermal

## Solar PVT

## External wall insulation

## Internal wall insulation

## Cavity wall insulation

## Loft insulation

## Room in roof insulation

## Flat roof insulation

## Under floor insulation

## Draught proofing

## Hot water tank insulation

## Insulation to primary pipework

## Double glazing (both new and replacement)

## Secondary glazing

## Gas connection (to the mains or a district heating system)

## External doors

## Low energy lighting

## Works that will improve water efficiency

## \*Hybrid gas boiler/air source heat pumps are also eligible

## Your chosen installer must be Gas Safe registered if they are undertaking work on a gas appliance and MCS certified for the measure they are installing if they are working on a renewable system. The system must also be MCS certified.

## Repairs (max. 45%)

## Roof structure, coverings and flashings

## Chimney stacks and heads including removal

## External wall repairs including external wall finishes

## Works to eradicate rising and penetrating damp

## Wet and dry rot infestations

## Rain water goods

## Active and passive ventilation systems (including mechanical ventilation in bathrooms and kitchens with no window) where evidence of damp is present

## Additional works required to make good plaster and/or decoration after a repair may also be included

## Repairs deemed essential to allow an approved measure to be carried out, for example where rewiring is needed to allow an electrically powered energy efficiency measure to be installed

## Additional repair works not included on the above list may be considered on a case by case basis if information can be provided to demonstrate that they meet the scheme’s criteria.

## Purely cosmetic improvements with no clear benefit to the property’s energy efficiency or condition are not allowed.

## If you would like assistance in finding a suitable contractor please see the information pack for further details.

## Applicants are not permitted to install any measures themselves under this scheme.

## Successful Applications

## If your application is successful and you receive loan funding, an administrative fee will be included in your loan. This only needs to be repaid when you repay your loan.

## Once the Energy Saving Trust have completed all necessary checks on your application it will be passed to Scottish Government for approval. If no further information is required your application details will be passed onto the scheme’s solicitors Anderson Strathern who will complete some final checks and draw up the formal legal documents and issue to your solicitor. You have 6 months to complete work once your loan agreement has been issued. You must complete your work and claim funding by your loan deadline.

## As part of your loan agreement you will be required to agree to inspections being carried out before, during and/or after your work takes place by approved representatives of the Energy Saving Trust and/or the Scottish Government.

## If you jointly own your home then all other persons named on the title deeds must also supply their details under “Applicant 2” and sign the application form on page 11 to confirm their agreement to the loan.

## Repaying the loan

## The Scottish Government will take a percentage security on your property equivalent to the gross loan amount (total loan amount including all fees) that they agree to provide you with. Some of this gross loan amount will be used to pay certain fees (discussed above) and the remainder will be made available to you to carry out approved works. The total loan will be repaid on the occurrence of certain events, including:

## The death of the last applicant;

## The insolvency of any applicant;

## The property secured being sold or otherwise its title being transferred;

## Any breach of any loan agreement or security condition;

## How much you repay will be based on the equity stake held by the Scottish Government and the open market value of your property at the time of repayment. You may make any other alteration or addition to your property during the loan period, but this may result in an increase in the value of your property. There is a cap in place to protect owners from sharp rises in house price inflation. The repayment will always be the lesser of:

## The Scottish Government’s agreed equity share of the property’s sale price

## The loan amount if it had been a commercial loan at 2.5% APR for the duration of the agreement

## This ensures that if the value of your home increases significantly over a short period of time what you repay will be restricted to 2.5% APR of the original sum you borrowed.